



SUCCESS STORY

Lazar Expands National Distribution

With USAID Agribusiness Project assistance, Lazar Dairy now sells to Metro's supermarket network



Photo: Lazar Dairy

Lazar Dairy now sells its' cream cheese (shown above) through the Metro Cash & Carry network, which has supermarkets in all of the main cities in Serbia.

The USAID Agribusiness Project will continue to support Lazar Dairy in its expansion efforts, particularly in the area of milk quality improvement, which is a prerequisite for licensing the dairy for exports to the EU market.

Lazar Dairy is a small family owned company founded in 1999 which produces and markets specialty dairy products in the area around Kopaonik Mountain in southern Serbia. They are well known in the region for their Blace Kackavalj, Feta and Cream cheeses, and their pepper in cream. The company has a strong presence in Southern Serbia through a network of retail shops in Nis. While the company is highly regarded by consumers in this part of the country, they have had only a modest level of national distribution, until now.

As part of its efforts to expand the sales and distribution of specialty dairy products, the Agribusiness Project linked Lazar Dairy with the managers of Metro Cash & Carry, one of the largest supermarket operators in Serbia. Based on Metro's assessment of the quality and uniqueness of Lazar's products they have agreed to contract with them as one of their main Serbian suppliers of dairy products. Through September of 2009 Lazar Dairy has supplied Metro with more than \$200,000 worth of dairy products, and these products are now sold in all of the Metro stores around Serbia.

Metro has also agreed to have Lazar provide them with "private label" dairy products with the Metro name on the label. The final arrangements for the packaging and label design are now being made, and it is expected that these products will hit the Metro shelves in early 2010. This new development has the potential to triple Lazar's sales through the Metro network, and should this happen it will greatly increase the capacity utilization of the Lazar dairy plant. They have an installed capacity of 80,000 L/day, but are only using about 50,000 L/day presently.

This market expansion has also provided Lazar with the resources to expand their own milk production. They recently imported 300 Simmental cows, and have plans to import another 300 cows in the near future. An important part of Agribusiness Project assistance to the dairy industry is improvement in the quality of the raw milk provided to the dairy plants. This new herd expansion on the part of Lazar will greatly improve their milk quality, and the quality of their creams and cheeses.